

25X1A9a

[REDACTED] Chairman, NIS Committee

28 March 1949

25X1A9a

[REDACTED] Chairman, NIS Subcommittee on Petroleum

Petroleum Supplements

1. Several Government operating and policy making agencies have evinced deep interest in having petroleum industry hand books prepared for important foreign countries. (See attached letter from Max Ball, 10 August 1948). It is the opinion of the Petroleum Subcommittee that the desired studies would be of very considerable use to the IAC Intelligence Units, CIA and the Joint Intelligence and Joint Logistic Plans Committees of the JCS. Accurate data of this kind is indispensable for use in the preparation of satisfactory intelligence and logistics estimates, evaluation of new intelligence materials, and security surveys of oil installations abroad vital to U. S. military operations; i.e., recent NSC Venezuela oil survey.

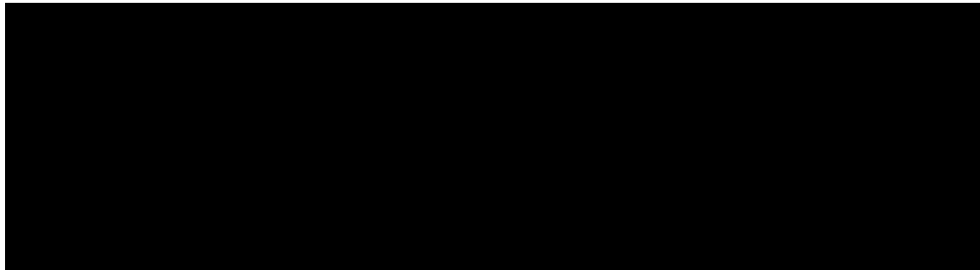
2. The Petroleum Sections of NIS as now envisaged do not, and are not intended to meet the needs outlined in Mr. Ball's letter. These Sections form an integral part of the basic intelligence treatment of various geographical areas, prepared primarily for use in strategic planning. The Petroleum Supplements, on the other hand, are to serve as comprehensive working data on which to base intelligence and logistic estimates, evaluate new material, conduct NSC security surveys, develop policy and implement operations concerned with petroleum and its bearing on national security. Optimum results would be obtained if the Petroleum Supplements could be compiled in advance of the NIS Petroleum Sections, so as to furnish background for the latter. It is realized, however, that priorities for the Supplements cannot be based solely on this consideration, as operating and policy-making agencies may desire urgent completion of certain supplements for purposes other than intelligence planning. Neither is it feasible to develop the Petroleum Supplements as supplements in the strict sense of the term, as frequently they will be used separately from the NIS Petroleum Sections and in some instances the using agencies may not be a recipient of both reports.

3. Soon after the NIS Petroleum Subcommittee was established to look into the above proposal its Chairman left Washington on a foreign assignment and further consideration of the project was postponed until his return. Subsequently conversations have been held with the heads of the Armed Services Petroleum Board, Office of Petroleum - NSRB, Petroleum Division - Department of State and Oil and Gas Division - Department of Interior, all of whom urge getting underway with the studies without further delay. The Pe-

troileum Subcommittee has discussed the project at two of its meetings and it recommends that:

- a) The studies be undertaken as supplements to the NIS program as they are properly within the concept of basic intelligence.
- b) The project be handled separately from work assigned the Bureau of Mines on the Petroleum Sections of NIS for the following reasons:
 - 1 It is the unqualified opinion of the operating and policy-making agencies interested in this project that best results would be attained for all concerned if the proposed studies were prepared not by the Bureau of Mines but by industry experts, whose efforts were coordinated by some Government oil agency in accordance with instructions from CIA.
 - 2 Bureau of Mines should not be diverted from their work on the NIS Petroleum Sections as there is some reason to doubt their capacity to meet dead lines already scheduled.
- c) Since the Oil and Gas Division, Department of Interior, is competent and willing to act as coordinator and liaison with industry, it be assigned the task and given the financial assistance required. (The Oil and Gas Division is in the Office of the Secretary of Interior and as such has policy supervision over all petroleum activities of the Department. It has been designated industry's official liaison with the U. S. Government. Though small, its staff consists of experienced oil men widely acquainted in the petroleum industry.)
- d) The present outline for the Petroleum Supplements be accepted as satisfactory in principle, with each IAC agency having the privilege of recommending modifications prior to the commencement of work on each study undertaken.

25X1A12a



- f) Even if not feasible to develop completed studies and arrange for their publication in the current fiscal year, the project be organized as soon as possible so as to get on with the assembly of data. In the opinion of the Petroleum Subcommittee the materials collected could be utilized advantageously as background by the Bureau of Mines in preparing the NIS Petroleum Sections as well as for the other purposes previously mentioned. Formal publication could be arranged at a later date.

CONFIDENTIAL